

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7066

BILL NUMBER: SB 431

NOTE PREPARED: Mar 19, 2013

BILL AMENDED: Feb 4, 2013

SUBJECT: Property and Casualty Guaranty Association.

FIRST AUTHOR: Sen. Paul

FIRST SPONSOR: Rep. Hamm

BILL STATUS: As Passed House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: No Fiscal Impact

Summary of Legislation: This bill makes changes to the law concerning the Indiana Property and Casualty Insurance Guaranty Association, including changes affecting the definitions, the composition of the board of directors, coverage under the association and other insurance coverage, the treatment of a high net worth insured, and the venue for actions involving the association. The bill also makes conforming amendments.

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Summary:* The Indiana Insurance Guaranty Association (IIGA) is not a state entity. Enacting legislation that impacts the IIGA is expected to have no fiscal impact.

Additional Information:

The Indiana Insurance Guaranty Association (IIGA) is a nonprofit, unincorporated legal entity that consists of member insurers (as defined in current statute) who remain members of the association as a condition of their authority to transact insurance in the state. The IIGA covers a consumer's losses up to a certain amount if an insurer is found to be insolvent and ordered into liquidation by a court. Under the bill, the IIGA would not be required to pay a claim paid by a high net worth insured and allows the IIGA to recover all amounts paid to or on the behalf of the high net worth insured.

To the extent the IIGA would be able to recover payments made to a high net worth insured as a result of this bill, revenue the IIGA receives could increase. Actual increases in revenue are unknown. Additionally, to the

extent the IIGA would have otherwise remitted claim payment to a high net worth insured, this bill will reduce IIGA expenditures.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IIGA.

Local Agencies Affected:

Information Sources: Logan Harrison, DOI.

Fiscal Analyst: Bill Brumbach, 232-9559.